

Bryan W. Shaw, Ph.D., P.E., *Chairman*
Toby Baker, *Commissioner*
Jon Niermann, *Commissioner*
Richard A. Hyde, P.E., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

March 30, 2017

The Honorable Dan Patrick
Lieutenant Governor of Texas
Capitol Station
PO Box 12068
Austin, Texas 78711

Re: Responsibility of the Texas Commission on Environmental Quality (TCEQ) Pursuant to Article XVI, Section 59(d), Texas Constitution

Senate Bill (SB) 309, as Filed by Senator Robert Nichols and Senator Van Taylor -
Relating to the Palo Duro River Authority, following recommendations of the Sunset
Advisory Commission.

Dear Governor Patrick:

The following comments are provided pursuant to the Constitutional requirements referenced above. Under those requirements, the TCEQ must submit, to the Governor, Lieutenant Governor and Speaker of the House of Representatives, the TCEQ's recommendations on specific legislation affecting water districts. We recommend that these comments be considered in the evaluation of the proposed legislation.

The Palo Duro River Authority was created by Chapter 438, Acts of the 63rd Legislature, Regular Session, 1973. The Authority holds certificate of adjudication no. 01-3803 which authorizes the Authority to maintain a dam and reservoir on Palo Duro Creek. The water in Palo Duro Creek and impounded in the reservoir is subject to the Canadian River Compact Commission. The Authority recently underwent a Sunset Review. This bill is intended to incorporate the recommendations of the Sunset Advisory Commission pursuant to that review; The Bill also: proposes to implement the Sunset Review recommendations by amending, Chapter 438, Acts of the 63rd Legislature, Regular Session, 1973 as follows: The Palo Duro River Authority of Texas, would be converted to a "Water District." All instances of references to "authority" are amended to read "district." Section 1, et seq of the Act; the jurisdiction for the entity is expanded to include Moore County and City of Stinnett. Section 2 of the Act; the District is empowered to act outside its boundaries. Section 3 of the Act; the term for a director on the board is amended to be two-year staggered terms that expire on December 31 of each year. Section 17 of the Act; the bill would disallow the commissioners court of Hutchinson County from appointing a director to the board and would authorize the city council for the City of Stinnett to appoint a director to the board. Section 17(b) of the Act; a provision is repealed which prevented the detachment of territory after issuance of bonds payable from revenue or taxes. Section 23(a) of the Act; a provision is repealed which stated that all taxes levied for any purpose constitute a lien on the property. Section 27 of the Act; the language "after giving consideration to any revenues that may be pledged to the payment of bonds" is struck from

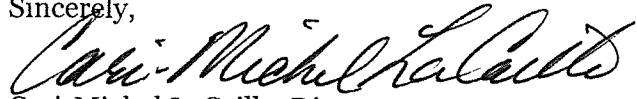
Hon. Dan Patrick
Page 2
March 30, 2017

Section 28(h) of the Act; definitions for Board, Commission, Director, and District are added. Proposed new Section 1B of the Act; a new section creating procedures for a county or municipality to withdraw from the district or for the district to dissolve is added. The procedures for withdrawal or dissolution require: notice of intent to withdraw in a resolution by a member county or city or the District; a public hearing on the resolution within 30 days; a financial agreement must be made which provides for sufficient revenue for maintaining the Palo Duro Reservoir and transfer of the dam to an entity that assumes responsibility for the maintenance of the dam and liability for actions related to the dam; an opportunity for public comment on the financial agreement; and a two-thirds vote by the board in favor of the withdrawal or dissolution. Proposed new Section 13A; new sections relating to operation of the board of the District including: a requirement that the District provide the public with a reasonable opportunity to appear before the board and speak at the meetings; provisions for considering the financial interest of a director in a contract under consideration by members of the board; a procedure for consideration of charges and removal of a board member for inefficiency, neglect of duty, or misconduct; and a requirement that a board member complete training regarding the functions and authority of the District prior to being allowed to vote or deliberate on the board – persons currently on the board of the Authority would be exempt from the training until January 1, 2018. Proposed new Section 19A-19D; a requirement that the board develop and implement policies that separate policymaking responsibilities of the board and management responsibilities of the general manager. Proposed new Section 19E; a requirement that the District maintain procedures for acting on complaints, make information available describing the procedures, and periodically notify complainants of the status of their complaints. Proposed new Section 19F; a requirement that the District develop a policy of encouraging negotiated rulemaking procedures and alternative dispute resolution for resolution of internal and external disputes. Proposed new Section 19G; the Bill requires for the Governor to submit notice of the intent to introduce this Act to the TCEQ, and for the TCEQ to file recommendations with Governor, the Lieutenant Governor, and the Speakers of the House of Representatives and Senate. Section 13 of the Bill; Section 11 of the Bill repeals 10 provisions of the Act as follows: Chapter 438, Act of the 63rd Legislature, Section 1A, which made the Authority subject to review by the Sunset Commission; Chapter 438, Act of the 63rd Legislature, Section 2A, which allows the Authority to call an election to annex Moore County; Chapter 438, Act of the 63rd Legislature, Section 2B, which annexed the City of Stinnett; Chapter 438, Act of the 63rd Legislature, Section 4, which allows the Authority to acquire land and easements by eminent domain; Chapter 438, Act of the 63rd Legislature, Section 13(e), which allows a county to detach from the Authority prior to issuance of bonds; Chapter 438, Act of the 63rd Legislature, Section 28(i), which authorized an ad valorem tax of \$1 per \$100 valuation of taxable property; Chapter 438, Act of the 63rd Legislature, Section 30, which declared that the Authority is essential to the purposes of Section 59, Article 16 of the Texas Constitution; Chapter 115, Act of the 64th Legislature, Section 9, which provided proof of publication of constitutional notice; Chapter 17, Act of the 68th Legislature, Section 6, which provided proof of publication of constitutional notice; Chapter 651, Act of the 70th Legislature, Section 4, which provided proof of publication of constitutional notice; the Act takes effect September 1, 2017; House Bill 1920 by Rep. Flynn, as introduced in the 85th legislative session, is the companion to this proposed bill; and, Section 4, Chapter 438(i) states: “Before the district shall issue any bonds for improvements authorized herein, it shall secure prior approval from the commission in the manner provided by Section 51.421, Texas Water Code. This section of the Water Code was repealed in 1995 as part of the

Hon. Dan Patrick
Page 3
March 30, 2017

consolidation of district statutes into Chapter 49 of the Water Code. Chapter 438(i) should be revised to reference Section 49.181, Water Code, which is the current statute authorizing the TCEQ to review and approve district bonds.

Sincerely,

A handwritten signature in black ink, reading "Cari-Michel LaCaille". The signature is fluid and cursive, with the first name "Cari" and last name "LaCaille" clearly legible.

Cari-Michel LaCaille, Director
Water Supply Division

cc: Honorable Charles Perry, Chairman, Senate Agriculture, Water & Rural Affairs
Committee
Senator Robert Nichols, Texas Senate
Senator Van Taylor, Texas Senate

LETTER OF TRANSMITTAL
TEXAS SENATE
STATE OF TEXAS

SB 309

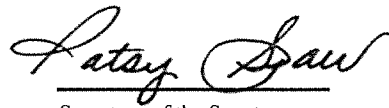
Bill Number

TO: The Honorable Governor of Texas
SUBJECT: A Bill Relating to a Conservation and Reclamation District

This is to transmit to you and the Texas Commission on Environmental Quality copies of a bill relating to a conservation and reclamation district and copies of the notice of intention to introduce the bill. One copy is for your files and one for you to forward to the Texas Commission on Environmental Quality, under Section 59(d), Article XVI, Constitution of the State of Texas.

3/2/2017

Date transmitted to
Governor's Office


Secretary of the Senate

TO: Texas Commission on Environmental Quality
SUBJECT: A Bill Relating to a Conservation and Reclamation District

This is to forward to you a copy of a bill relating to conservation and reclamation district and a copy of the notice of intention to introduce the bill.

March 3, 2017

Date transmitted to
Texas Commission on Environmental Quality



Governor

TO: The Honorable President of the Senate
The Honorable Speaker of the House of Representatives
The Honorable Governor of Texas
SUBJECT: A Bill Relating to a Conservation and Reclamation District

Attached are recommendations of the Texas Commission on Environmental Quality in compliance with Section 59(d), Article XVI, Constitution of the State of Texas.


Texas Commission on Environmental Quality

By: Nichols, Taylor of Collin

S.B. No. 309

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the Palo Duro River Authority, following
3 recommendations of the Sunset Advisory Commission.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Sections 1, 2, 3, 5, 6, 7, 8, 9, 10, 11, and 12,
6 Chapter 438, Acts of the 63rd Legislature, Regular Session, 1973,
7 are amended to read as follows:

8 Sec. 1. By virtue of Section 59, Article XVI of the
9 Constitution of the State of Texas, there is hereby created a
10 conservation and reclamation district to be known as "Palo Duro
11 Water District," ~~[River Authority of Texas" (hereinafter sometimes~~
12 ~~referred to as the "Authority")]~~ which shall be a governmental
13 agency, a body politic and corporate, and a political subdivision
14 of this state.

15 Sec. 2. The district ~~[Authority]~~ hereby created and
16 established shall comprise all of the territory contained within
17 the Counties of Hansford and Moore and the City of Stinnett
18 ~~[Ochiltree]~~. It is hereby found and determined that all of the land
19 thus included in the district ~~[Authority]~~ will be benefited by the
20 improvements to be acquired and constructed by the district
21 ~~[Authority]~~, and that the district ~~[Authority]~~ is created to serve
22 a public use and benefit.

23 Sec. 3. The district, inside or outside its boundaries,
24 ~~[Authority within its limits]~~ is hereby empowered: (a) to develop,

S.B. No. 309

1 construct or purchase dams and reservoirs. The district
2 ~~[Authority]~~ is empowered to construct or to purchase all plants and
3 other facilities necessary or useful for the purpose of providing a
4 source of water supply and storing, processing such water and
5 transporting and distributing it for irrigation, livestock
6 raising, agricultural, municipal, domestic and industrial
7 purposes. The district ~~[Authority]~~ shall at all times have power to
8 develop or purchase additional sources of water and to improve,
9 enlarge and extend its water system. The district ~~[Authority]~~ is
10 also empowered to make contracts for the purchase of water; (b) in
11 order to preserve and protect the purity of the waters of the state
12 and of the district ~~[Authority]~~ and conserve and reclaim said
13 waters for beneficial use by the inhabitants of the district
14 ~~[Authority]~~, to provide all plants, works, facilities and
15 appliances incident to or helpful or necessary to the collection,
16 transportation, processing, disposal, and control of such waters
17 for agricultural, municipal, domestic, oil field flooding, mining
18 and industrial purposes; and (c) the district ~~[Authority]~~ is
19 empowered to impound, store, control and conserve the storm and
20 flood waters and the unappropriated flow waters ~~[within the limits~~
21 ~~of the Authority]~~, including but not limited to the storm and flood
22 waters and unappropriated flow waters of Palo Duro Creek and Horse
23 Creek, ~~[River and the tributaries thereof within and without its~~
24 ~~watershed]~~ by complying with the provisions of Chapter 1, Title
25 128, Revised Civil Statutes of Texas, as amended.

26 Sec. 5. No dam or other facilities for impounding water
27 shall be constructed until the plans therefor are approved by the

1 commission [~~Texas Water Rights Commission~~]. The district
2 [~~Authority~~] is not authorized to develop or otherwise acquire
3 underground sources of water. The district [~~Authority~~] may sell,
4 trade, or otherwise dispose of any real or personal property deemed
5 by the district [~~this Commission~~] not to be needed for district
6 [~~Authority~~] purposes, subject to the terms of any deed of trust or
7 other indenture [~~issued by the Commission~~].

8 Sec. 6. The district [~~Authority~~] is authorized to enter
9 into contracts with cities and others for supplying water to them.
10 The district [~~Authority~~] is also authorized to contract with any
11 city for the rental or leasing of, or for the operation of the water
12 production, water supply, and water filtration or purification [~~and~~
13 ~~water supply~~] facilities of such city upon such consideration as
14 the district [~~Authority~~] and the city may agree. Any such contract
15 may be upon such terms and for such time as the parties may agree,
16 and it may provide that it shall continue in effect until bonds
17 specified therein and refunding bonds issued in lieu of such bonds
18 are paid.

19 Sec. 7. The district [~~Authority~~] is empowered to obtain
20 through appropriate hearings an appropriation permit or permits
21 from the commission [~~Texas Water Rights Commission~~], as provided in
22 Chapter 1 of Title 128, Revised Civil Statutes of 1925, as amended.
23 Thereafter such permit, either upon application of the district
24 [~~Authority~~] or at the will of the commission [~~Texas Water Rights~~
25 ~~Commission~~], may be modified by the commission [~~said Commission~~]
26 after an appropriate hearing to increase or decrease the amount of
27 water which may be appropriated[~~7~~] and the amount which may be

1 stored by the district [~~Authority~~] to meet fluctuating demands.
2 On~~[, either upon]~~ application by the district [~~Authority~~] or by its
3 own action the commission [~~Texas Water Rights Commission~~] shall
4 redetermine the maximum amount of water which the district
5 [~~Authority~~] may store in its reservoir and in making such
6 determination it shall consider the needs of the cities and others
7 that purchase water from the district [~~Authority~~].

8 Sec. 8. The district [~~Authority~~] is authorized to acquire
9 or construct within or without the boundaries of the district
10 [~~Authority~~], a dam or dams and all works, plants and other
11 facilities necessary or useful for the purpose of impounding,
12 processing and transporting water to cities and others for
13 municipal, agricultural, domestic, industrial, oil field flooding,
14 and mining purposes. The size of the dam and reservoir shall be
15 determined by the board [~~Board of Directors~~], taking into
16 consideration probable future increases in water requirements, and
17 the size of the dam shall not be limited by the amount of water
18 initially authorized by the commission [~~Texas Water Commission~~] to
19 be impounded therein. [~~No dam or other facilities for impounding~~
20 ~~water shall be constructed until the plans therefor are approved by~~
21 ~~the Texas Department of Water Resources.~~]

22 Sec. 9. The district [~~Authority~~] is empowered to acquire
23 land within or without the boundaries of the district [~~Authority~~],
24 and to construct, lease or otherwise acquire all works, plants and
25 other facilities necessary or useful for the purpose of diverting,
26 further impounding or storing water, processing such water and
27 transporting it to cities and others for agricultural, municipal,

1 domestic, industrial, oil field flooding, and mining purposes.

2 Sec. 10. (a) For the purpose of carrying out any power or
3 authority conferred by this Act the district [~~Authority~~] shall have
4 the right to acquire by condemnation in the manner provided by Title
5 52, Revised Statutes, as amended, relating to eminent domain:

6 (1) the fee simple title to land and other property and
7 easements (including land needed for the reservoir and dam and
8 flood easements above the probable high water line around any such
9 reservoirs) within the boundaries of the district [~~Authority~~]; and

10 (2) the fee simple title to land and other property and
11 easements (except for land, other property, and easements to be
12 used for a dam or dams or facilities for the impoundment or storage
13 of water) outside the boundaries of the district [~~Authority~~].

14 (b) The district [~~Authority~~] is hereby declared to be a
15 municipal corporation within the meaning of Article 3268 of said
16 Title 52, except that the district [~~Authority~~] shall not have the
17 right to so condemn any property which may be owned by any other
18 political subdivision, city or town; provided, however, that as
19 against persons, firms and corporations, or receivers or trustees
20 thereof, who have the power of eminent domain, the fee title may not
21 be condemned, but the district [~~Authority~~] may condemn only an
22 easement. The amount of and character of interest in land, other
23 property and easements thus to be acquired shall be determined by
24 the board [~~Board of Directors~~].

25 Sec. 11. The district [~~Authority~~] herein created shall be
26 and it is hereby empowered to control, store, conserve, protect,
27 distribute and utilize the storm and flood waters within the area of

S.B. No. 309

1 the district [~~Authority~~] for all useful purposes permitted by law;
2 also, to carry out flood prevention and control measures within the
3 district [~~Authority~~] and to prevent or aid in preventing damage to
4 the lands of the district [~~Authority~~] and the soil and fertility
5 thereof; to cooperate with all other districts, departments or
6 agencies of the State Government, or any agency, representative,
7 instrumentality or department of the United States Government; and
8 to receive and accept technical and financial assistance therefrom
9 in the accomplishment of the [~~said~~] purposes described by this
10 section. The district [~~said Authority~~] is further authorized and
11 empowered to purchase, construct, maintain, or in any other lawful
12 manner to acquire, provide and develop all works, facilities,
13 improvements, lands, easements and properties, which may be
14 necessary or useful in fulfilling the purposes of the district
15 [~~Authority~~] or any of them.

16 Sec. 12. The district [~~Authority~~] is authorized to acquire
17 water appropriation permits from owners of permits. The district
18 [~~Authority~~] is hereby empowered to lease or acquire rights in and to
19 storage and storage capacity in any reservoir constructed or to be
20 constructed by any person, firm, corporation or public agency or
21 from the United States Government or any of its agencies.

22 SECTION 2. Sections 13(a), (b), (c), and (d), Chapter 438,
23 Acts of the 63rd Legislature, Regular Session, 1973, are amended to
24 read as follows:

25 (a) The board [~~Board of Directors of the Authority~~] shall
26 have the power to adopt and promulgate all reasonable regulations
27 to secure, maintain, and preserve the sanitary condition of all

1 water in and to flow into any reservoir owned by the district,
 2 ~~[Authority]~~ to prevent waste of water or the unauthorized use
 3 thereof, and to regulate residence, hunting, fishing, boating and
 4 camping, and all recreational and business privileges, along or
 5 around any such reservoir, ~~[or any]~~ body of land, or easement owned
 6 by the district ~~[Authority]~~.

7 (b) The district ~~[Such Authority]~~ may prescribe reasonable
 8 penalties for the breach of any regulation of the district
 9 ~~[Authority]~~, which penalties shall not exceed fines of more than
 10 Two Hundred Dollars (\$200.)~~[, or imprisonment for not more than~~
 11 ~~thirty (30) days, or may provide both such fine and such~~
 12 ~~imprisonment]~~. The penalties hereby authorized shall be in
 13 addition to any other penalties provided by the laws of Texas and
 14 may be enforced by complaints filed in the appropriate court of
 15 jurisdiction, provided, however, that no rule or regulation which
 16 provides a penalty for the violation thereof shall be in effect, as
 17 to enforcement of the penalty, until five (5) days next after the
 18 district ~~[Authority]~~ may have caused a substantive statement of the
 19 particular rule or regulation and the penalty for the violation
 20 thereof to be published, once a week for two (2) consecutive weeks
 21 in the county in which such reservoir is situated, or in any county
 22 in which it is partly situated. The substantive statement so to be
 23 published shall be as condensed as is possible to afford an
 24 intelligent direction of the mind to the act forbidden by the rule
 25 or regulation; one (1) notice may embrace any number of
 26 regulations; there must be embraced in the notice advice that
 27 breach of the particular regulation, or regulations, will subject

1 the violator to the infliction of a penalty and there also shall be
2 included in the notice advice that the full text of the regulations
3 sought to be enforced is on file in the principal office of the
4 district [~~Authority~~], where the same may be read by any interested
5 person. Five (5) days after the second publication of the notice
6 hereby required, the advertised regulation shall be in effect, and
7 ignorance of any such regulation shall not constitute a defense to a
8 prosecution for the enforcement of a penalty and, the rules and
9 regulations authorized hereby, after the required publication,
10 shall judicially be known to the courts and shall be considered of a
11 nature like unto that of valid penal ordinance of a city of the
12 state.

13 (c) Any duly constituted peace officer, provided such
14 officers meet the Texas Law Officers minimum certification
15 requirements, shall have the power to make arrests when necessary
16 to prevent or abate the commission of any offense against the
17 regulations of the district [~~Authority~~], and against the laws of
18 the State of Texas, when any such offense or threatened offense
19 occurs upon any land, water or easement owned or controlled by the
20 district [~~Authority~~], or to make such arrest at any place, in case
21 of an offense involving injury or detriment to any property owned or
22 controlled by such district [~~Authority~~].

23 (d) Territory may be annexed to the district [~~Authority~~],
24 whether or not contiguous to the district [~~Authority~~], in the
25 following manner:

26 (1) A petition praying for such annexation signed by
27 fifty (50) or a majority, whichever number is smaller, of the

1 resident, qualified voters of the territory or of duly incorporated
2 cities or towns sought to be annexed shall be filed with the board.
3 The petition shall describe the territory to be annexed by metes and
4 bounds, or otherwise, unless such territory is the same as that
5 contained within the boundaries of such city or town, in which event
6 it shall be sufficient to state that the territory to be annexed is
7 that which is contained within the boundaries of such city or town.

8 (2) If the board [~~Board of Directors~~] finds that the
9 petition complies with and is signed by the number of qualified
10 persons required by Subdivision (1) of this subsection, that the
11 annexation would be to the best interest of the territory, city or
12 town, and the district [~~Authority~~], and that the district
13 [~~Authority~~] will be able to supply water, or cause water to be
14 supplied to the territory, city, or town, it shall adopt a
15 resolution stating the conditions, if any, under which such
16 territory, city, or town may be annexed to the district
17 [~~Authority~~], and shall fix a time and place when and where a hearing
18 shall be held by the board on the question of whether the territory,
19 city, or town sought to be annexed will be benefited by the
20 improvements, works, and facilities then owned or operated or
21 contemplated to be owned or operated by the district [~~Authority~~] or
22 by the other functions of the district [~~Authority~~]. Notice of the
23 adoption of such resolution stating the time and place of such
24 hearing shall be published one (1) time in a newspaper of general
25 circulation in the territory, city, or town sought to be annexed at
26 least ten (10) days prior to the date of such hearing. The notice
27 shall describe the territory in the same manner in which it is

1 required or permitted by this Act to be described in the petition.
2 All persons interested may appear at such hearing and offer
3 evidence for or against the proposed annexation. Such hearing may
4 proceed in such order and under such rules as may be prescribed by
5 said board, and the hearing may be recessed from time to time. If,
6 at the conclusion of the hearing, the board [~~Board of Directors~~]
7 finds that the property in such territory, city, or town will be
8 benefited by the present or contemplated improvements, works, or
9 facilities of the district [~~Authority~~], the board [~~Board of~~
10 ~~Directors~~] shall adopt a resolution making a finding of such
11 benefit and calling an election in the territory, city, or town
12 proposed to be annexed stating therein the date of the election, the
13 place or places of holding the same, the proposition to be voted on,
14 and appointing a presiding judge for each voting place who shall
15 appoint the necessary assistant judges and clerks to assist in
16 holding the election.

17 Notice of such election shall be given by publishing a
18 substantial copy of the resolution calling the election one (1)
19 time in a newspaper of general circulation in the territory sought
20 to be annexed to the district [~~Authority~~] at least ten (10) days
21 before the date set for the election. Only constitutionally
22 qualified electors who reside in the territory, city, or town
23 sought to be annexed shall be qualified to vote in said election.
24 Returns of the result of said election shall be made to the board.
25 The board shall canvass the returns of the election and adopt a
26 resolution declaring the results thereof. If such resolution shows
27 that a majority of the votes cast are in favor of annexation, the

S.B. No. 309

1 board shall by resolution annex said territory to the district
2 ~~[Authority]~~, and such annexation shall thereafter be incontestable
3 except in the manner and within the time for contesting the
4 elections under the Texas Election Code, as amended.

5 (3) The board ~~[Board of Directors]~~, in calling an
6 election on the proposition for annexation of territory, city, or
7 town, may include as a part of the same proposition or a separate
8 proposition for the assumption of its part of the tax-supported
9 bonds of the district ~~[Authority]~~ then outstanding and those
10 theretofore voted but not yet sold, and for the levy of an ad
11 valorem tax on taxable property in said territory along with the tax
12 in the rest of the district ~~[Authority]~~ for the payment thereof and
13 the levying of maintenance taxes permitted by Section 27 of this
14 Act, in which event the voting shall be restricted to
15 constitutionally qualified electors. If such election fails, the
16 annexed territory, city, or town shall be excluded from the
17 district ~~[Authority]~~.

18 SECTION 3. Sections 14, 15, 16, 17, 18, and 19, Chapter 438,
19 Acts of the 63rd Legislature, Regular Session, 1973, are amended to
20 read as follows:

21 Sec. 14. The district ~~[Authority]~~ is authorized to
22 establish or otherwise provide for public parks and recreation
23 facilities, and to acquire land for such purposes within the
24 district ~~[Authority]~~.

25 Sec. 15. In the event that the district ~~[Authority]~~, in the
26 exercise of the power of eminent domain or power of relocation, or
27 any other power granted hereunder, makes necessary the relocation,

1 raising, rerouting or changing the grade of, or altering the
 2 construction of any highway, railroad, electric transmission line,
 3 telephone or telegraph properties and facilities, or pipeline, all
 4 such necessary relocation, raising, rerouting, changing of grade or
 5 alteration of construction shall be accomplished at the sole
 6 expense of the district [~~Authority~~].

7 Sec. 16. It shall not be necessary for the board [~~Board of~~
 8 ~~Directors~~] to call a confirmation election or to hold a hearing on
 9 the exclusion of lands or a hearing on the adoption of a plan of
 10 taxation, but the ad valorem plan of taxation shall be used by the
 11 district [~~Authority~~].

12 Sec. 17. (a) All powers of the district [~~Authority~~] shall
 13 be exercised by the board. Each director of the board [~~a Board of~~
 14 ~~Directors (sometimes herein referred to as the "Board"), each of~~
 15 ~~whom~~] shall serve staggered, two-year terms that expire on December
 16 31 of each year. [~~for a term of two (2) years except for the~~
 17 ~~directors appointed by this Act. The following directors are hereby~~
 18 ~~appointed.~~

<u>[DIRECTOR</u>	<u>RESIDENCE</u>	<u>TERM EXPIRING</u>
19 [Dee Jackson	Spearman, Hansford	December 31, 1973
20	County, Texas	
21		
22 [N. F. (Gus) Renner	Spearman, Hansford	December 31, 1974
23	County, Texas	
24 [Robert V. Skinner	Spearman, Hansford	December 31, 1973
25	County, Texas	
26 [Bill Logsdon	Cruver, Hansford	December 31, 1974
27	County, Texas	

S.B. No. 309

1	[Bob Urban	Perryton, Ochiltree	December 31, 1973
2		County, Texas	
3	[Delbert Timmons	Perryton, Ochiltree	December 31, 1974
4		County, Texas	
5	[Jerry Garrison	Perryton, Ochiltree	December 31, 1973
6		County, Texas	
7	[Robert D. Lemon	Perryton, Ochiltree	December 31, 1974]
8		County, Texas	

9 (b) In ~~[December of 1973 and in]~~ December of each year,
10 ~~[hereafter]~~ the Commissioners Court of each county contained in the
11 district, except for Hutchinson County, and the city council of the
12 City of Stinnett [Authority] shall appoint a director or directors
13 ~~[from such county]~~ whose term or terms are about to expire. Any
14 vacancy shall be filled for the unexpired term by the governing body
15 of the appropriate county or city. Four (4) directors ~~[members of~~
16 ~~the Board of Directors]~~ shall be appointed by the Commissioners
17 Court of each county contained in the district, except for
18 Hutchinson County, and one director shall be appointed by the city
19 council of the City of Stinnett. Each ~~[Authority, and each]~~
20 director shall reside in the county from which the director ~~[he]~~ is
21 appointed.

22 (c) Each director shall serve for the director's ~~[his]~~ term
23 of office as herein provided, and thereafter until the director's
24 ~~[his]~~ successor shall be appointed and qualified. No person shall
25 be appointed a director unless the person ~~[he]~~ resides in and owns
26 taxable property in the county or city from which the person ~~[he]~~ is
27 appointed. No member of a governing body of a county or the City of

1 Stinnett, and no employee of a county or the City of Stinnett shall
2 be appointed as director. Such directors shall subscribe the
3 Constitutional oath of office, and each shall give bond for the
4 faithful performance of the director's ~~[his]~~ duties in the amount
5 of Five Thousand Dollars (\$5,000.), the cost of which shall be paid
6 by the district ~~[Authority]~~. A majority shall constitute a quorum.
7 If any director moves from the county or city from which the
8 director ~~[he]~~ is appointed or otherwise ceases to be a director, the
9 Commissioners Court of such county or the city council of the City
10 of Stinnett, as appropriate, shall appoint a director to succeed in
11 the position ~~[him,]~~ for the unexpired term.

12 (d) Unless the board by resolution increases the fee to an
13 amount authorized by Section 49.060, Water Code, each ~~[Each]~~
14 director shall receive a fee of not to exceed Twenty-Five Dollars
15 (\$25.) for attending each meeting of the board ~~[Board]~~, provided
16 that no more than Fifty Dollars (\$50.) shall be paid to any director
17 for meetings held in any one (1) calendar month. Each director
18 shall also be entitled to receive not to exceed Twenty-Five Dollars
19 (\$25.) per day devoted to the business of the district ~~[Authority]~~
20 and to reimbursement for actual expenses incurred in attending to
21 district ~~[Authority]~~ business provided that such service and
22 expense are expressly approved by the board ~~[Board]~~.

23 Sec. 18. The board ~~[Board of Directors]~~ shall elect from its
24 number a president and a vice president of the district
25 ~~[Authority]~~, and such other officers as in the judgment of the board
26 ~~[Board]~~ are necessary. The president shall be the chief executive
27 officer of the district ~~[Authority]~~ and the presiding officer of

1 the board [~~Board~~], and shall have the same right to vote as any
 2 other director. The vice president shall perform all duties and
 3 exercise all powers conferred by this Act upon the president when
 4 the president is absent or fails or declines to act except the
 5 president's right to vote. The board [~~Board~~] shall also appoint a
 6 secretary and a treasurer who may or may not be members of the board
 7 [~~Board~~], and it may combine those offices. The treasurer shall give
 8 bond in such amount as may be required by the board [~~Board of~~
 9 ~~Directors~~]. The condition of such bond shall be that the treasurer
 10 [~~he~~] will faithfully account for all money which shall come into the
 11 treasurer's [~~his~~] custody as treasurer of the district [~~Authority~~],
 12 and the board [~~Board~~] may adopt a seal for the district [~~Authority~~].

13 Sec. 19. The board [~~Board of Directors~~], from time to time,
 14 shall be authorized to make or cause to be made surveys and
 15 engineering investigations for the information of the district
 16 [~~Authority~~] to facilitate the accomplishment of the purposes for
 17 which the district [~~Authority~~] is created; and may employ a general
 18 manager, attorneys, accountants, engineers, or other technical or
 19 nontechnical employees or assistants; fix the amount and manner of
 20 their compensation; and may provide for the payment of expenditures
 21 deemed essential to the proper maintenance of the district
 22 [~~Authority~~] and its affairs. The power to employ and discharge
 23 employees may be conferred upon the general manager.

24 SECTION 4. Sections 20(a), (b), (d), (e), (f), (g), (h), and
 25 (i), Chapter 438, Acts of the 63rd Legislature, Regular Session,
 26 1973, are amended to read as follows:

27 (a) For the purpose of providing a source of water supply

S.B. No. 309

1 for cities and other users for agricultural, municipal, domestic,
2 industrial, oil field flooding, and mining purposes, as authorized
3 by this Act, and for the purpose of carrying out any other power or
4 authority conferred by this Act, the district ~~[Authority]~~ is
5 empowered to issue its negotiable bonds to be payable from revenues
6 or taxes or both revenues and taxes of the district ~~[Authority]~~ as
7 are pledged by resolution of the board ~~[Board of Directors]~~.
8 Pending the issuance of definitive bonds the board ~~[Board]~~ may
9 authorize the delivery of negotiable interim bonds or notes,
10 eligible for exchange or substitution by use of the definitive
11 bonds.

12 (b) Such bonds shall be authorized by resolution of the
13 board ~~[Board of Directors]~~ and shall be issued in the name of the
14 district ~~[Authority]~~, signed by the president or vice president,
15 attested by the secretary and shall bear the seal of the district
16 ~~[Authority]~~. It is provided, however, that the signatures of the
17 president or of the secretary or of both may be printed or
18 lithographed on the bonds if authorized by the board ~~[Board of~~
19 ~~Directors]~~, and that the seal of the district ~~[Authority]~~ may be
20 impressed on the bonds or may be printed or lithographed thereon.
21 The bonds shall mature serially or otherwise in not to exceed forty
22 (40) years and may be sold at a price and under terms determined by
23 the board ~~[Board of Directors]~~ to be the most advantageous
24 reasonably obtainable[, provided that the interest cost to the
25 Authority, including the discount, if any, shall bear interest at
26 any rate per annum permitted by the Constitution and laws of the
27 State as shall be determined by the Board of Directors,] and within

1 the discretion of the board [~~Board~~] may be made callable prior to
2 maturity at such times and prices as may be prescribed in the
3 resolution authorizing the bonds, and may be made registrable as to
4 principal or as to both principal and interest.

5 (d) The bonds may be secured by a pledge of all or part of
6 the net revenue of the district [~~Authority~~], or by the net revenues
7 of any one (1) or more contracts theretofore or thereafter made or
8 other revenue or income specified by resolution of the board [~~Board~~
9 ~~of Directors~~] or in the trust indenture. Any such pledge may
10 reserve the right, under conditions therein specified, to issue
11 additional bonds which will be on a parity with or subordinate to
12 the bonds then being issued. The term "net revenues" as used in
13 this Section shall mean the gross revenues and income of the
14 district [~~Authority~~] from all sources after deduction of the amount
15 necessary to pay the cost of maintaining and operating the district
16 [~~Authority~~] and its properties.

17 (e) The district [~~Authority~~] is also empowered to issue
18 bonds payable from ad valorem taxes to be levied on all taxable
19 property therein, or to issue bonds secured by and payable from both
20 such taxes and the revenues of the district [~~Authority~~]. Where
21 bonds are issued payable wholly or partially from ad valorem taxes,
22 it shall be the duty of the board [~~Board of Directors~~] to levy a tax
23 sufficient to pay the bonds and the interest thereon as such bonds
24 and interest become due without limit as to the rate or the amount,
25 but the rate of the tax for any year may be fixed after giving
26 consideration to the money received from the pledged revenues which
27 may be available for payment of principal and interest to the extent

S.B. No. 309

1 and in the manner permitted by the resolution authorizing the
2 issuance of the bonds.

3 (f) Where bonds payable wholly from revenues are issued, it
4 shall be the duty of the board [~~Board of Directors~~] to fix, and from
5 time to time to revise, the rates of compensation for water sold and
6 services rendered by the district [~~Authority~~] which will be
7 sufficient to pay the expense of operating and maintaining the
8 facilities of the district [~~Authority~~] and to pay the bonds as they
9 mature and the interest as it accrues and to maintain the reserve
10 and other funds as provided in the resolution authorizing the
11 bonds. Where bonds payable partially from revenues are issued it
12 shall be the duty of the board [~~Board~~] to fix, and from time to time
13 to revise, the rate of compensation for water sold and services
14 rendered by the district [~~Authority~~] which will be sufficient to
15 assure compliance with the resolution authorizing the bonds.

16 (g) From the proceeds from the sale of the bonds, the
17 district [~~Authority~~] may set aside an amount for the payment of
18 interest expected to accrue during construction and a reserve
19 interest and sinking fund, and such provision may be made in the
20 resolution authorizing the bonds. Proceeds from the sale of the
21 bonds may also be used for the payment of all expenses necessarily
22 incurred in accomplishing the purpose for which this district
23 [~~Authority~~] is created, including expenses of issuing and selling
24 the bonds. The proceeds from the sale of the bonds may be
25 temporarily invested in direct obligations of the United States
26 Government maturing in not more than one (1) year from the date of
27 investment.

1 (h) In the event of a default or a threatened default in the
2 payment of principal or of interest on bonds payable wholly or
3 partially from revenues, any court of competent jurisdiction may,
4 upon petition of the holders of outstanding bonds, appoint a
5 receiver with authority to collect and receive all income of the
6 district [~~Authority~~] except taxes, employ and discharge agents and
7 employees of the district [~~Authority~~], take charge of funds on hand
8 (except funds received from taxes unless commingled) and manage the
9 proprietary affairs of the district [~~Attorney~~] without consent or
10 hindrance by the directors [~~Directors~~]. Such receiver may also be
11 authorized to sell or make contracts for the sale of water or renew
12 such contracts with the approval of the court appointing him. The
13 court may vest the receiver with such other powers and duties as the
14 court may find necessary for the protection of the holders of the
15 bonds. The resolution authorizing the issuance of the bonds or the
16 trust indenture securing the bonds [~~them~~] may limit or qualify the
17 rights of the holders of less than all of the outstanding bonds
18 payable from the same source to institute or prosecute any
19 litigation affecting the district's [~~Authority's~~] property or
20 income.

21 (i) Before the district [~~Authority~~] shall issue any bonds
22 for improvements authorized herein, it shall secure prior approval
23 from the commission [~~Texas Water Rights Commission~~] in the manner
24 provided by Section 51.421, Texas Water Code.

25 SECTION 5. Sections 21 and 22, Chapter 438, Acts of the 63rd
26 Legislature, Regular Session, 1973, are amended to read as follows:

27 Sec. 21. The district [~~Authority~~] is authorized to issue

S.B. No. 309

1 refunding bonds for the purpose of refunding any outstanding bonds
2 authorized by this Act and interest thereon. Such refunding bonds
3 may be issued to refund more than one (1) series of outstanding
4 bonds and combine the pledges for the outstanding bonds for the
5 security of the refunding bonds, and may be secured by other or
6 additional revenues and mortgage liens. The provisions of this law
7 with reference to the issuance by the district [~~Authority~~] of other
8 bonds, their security, and their approval by the Attorney General
9 and the remedies of the holders shall be applicable to refunding
10 bonds. Refunding bonds shall be registered by the Comptroller upon
11 surrender and cancellation of the bonds to be refunded, but in lieu
12 thereof, the resolution authorizing their issuance may provide that
13 they shall be sold and the proceeds thereof deposited in the bank
14 where the original bonds are payable, in which case the refunding
15 bonds may be issued in an amount sufficient to pay the principal of
16 and the interest on the original bonds to their option date or
17 maturity date, and the Comptroller shall register them without
18 concurrent surrender and cancellation of the original bonds.

19 Sec. 22. Any bonds (including refunding bonds) authorized
20 by this law, not payable wholly from ad valorem taxes, may be
21 additionally secured by a trust indenture under which the Trustee
22 may be a bank having trust powers situated either within or outside
23 of the State of Texas. Such bonds, within the discretion of the
24 board [~~Board of Directors~~], may be additionally secured by a deed of
25 trust or mortgage lien upon physical properties of the district
26 [~~Authority~~] and all franchises, easements, water rights and
27 appropriation permits, leases and contracts and all rights

1 appurtenant to such properties vesting in the trustee power to sell
 2 the properties for the payment of the indebtedness, power to
 3 operate the properties and all other powers and authority for the
 4 further security of the bonds. Such trust indenture, regardless of
 5 the existence of the deed of trust or mortgage lien on the
 6 properties may contain any provisions prescribed by the board
 7 ~~[Board of Directors]~~ for the security of the bonds and the
 8 preservation of the trust estate, and may make provision for
 9 amendment or modification thereof and the issuance of bonds to
 10 replace lost or mutilated bonds, and may condition the right to
 11 expend district ~~[Authority]~~ money or sell district ~~[Authority]~~
 12 property upon approval of a registered professional engineer
 13 selected as provided therein, and may make provision for the
 14 investment of funds of the district ~~[Authority]~~. Any purchaser
 15 under a sale under the deed of trust lien, where one is given, shall
 16 be the absolute owner of the properties, facilities and rights so
 17 purchased and shall have the right to maintain and operate the same.

18 SECTION 6. Sections 23(a), (b), and (c), Chapter 438, Acts
 19 of the 63rd Legislature, Regular Session, 1973, are amended to read
 20 as follows:

21 (a) No bonds payable wholly or partially from ad valorem
 22 taxes (except refunding bonds) shall be issued unless authorized by
 23 a majority vote of the constitutionally qualified electors voting
 24 at such election. ~~[No territory shall be detached from the~~
 25 ~~Authority after the issuance of bonds which are payable from~~
 26 ~~revenues or taxes or both.]~~ Bonds not payable wholly or partially
 27 from ad valorem taxes may be issued without an election.

1 (b) Such election may be called by the board [~~Board of~~
2 ~~Directors~~] without a petition. The resolution calling the election
3 shall specify the time and places of holding the same, the purpose
4 for which the bonds are to be issued, the maximum amount thereof,
5 the maximum maturity thereof, the form of the ballot, and the
6 presiding judge for each voting place. The presiding judge serving
7 at each voting place shall appoint one (1) assistant judge and at
8 least two (2) clerks to assist in holding such election. Notice of
9 the election shall be given by publishing a substantial copy
10 thereof in one (1) newspaper published in each city contained in the
11 district [~~Authority~~] for two (2) consecutive weeks. The first
12 publication shall be at least twenty-one (21) days prior to the
13 election. In any city in which no newspaper is published, notice
14 shall be given by posting a copy of the resolution in three (3)
15 public places.

16 (c) The returns of the election shall be made to and
17 canvassed by the board [~~Board of Directors of the Authority~~].

18 SECTION 7. Sections 24, 25, 26, and 27, Chapter 438, Acts of
19 the 63rd Legislature, Regular Session, 1973, are amended to read as
20 follows:

21 Sec. 24. After any bonds (including refunding bonds) are
22 authorized by the district [~~Authority~~], such bonds and the record
23 relating to their issuance shall be submitted to the Attorney
24 General for [~~his~~] examination as to the validity thereof. Where
25 such bonds recite that they are secured by a pledge of the proceeds
26 of a contract theretofore made between the district [~~Authority~~] and
27 any city or other governmental agency, authority or district, a

S.B. No. 309

1 copy of such contract and the proceedings of the city or other
2 governmental agency, authority or district authorizing such
3 contract shall also be submitted to the Attorney General. If such
4 bonds have been authorized and if such contracts have been made in
5 accordance with the Constitution and laws of the State of Texas he
6 shall approve the bonds and such contracts and the bonds then shall
7 be registered by the Comptroller of Public Accounts. Thereafter
8 the bonds, and the contracts, if any, shall be valid and binding and
9 shall be incontestable for any cause.

10 Sec. 25. All bonds of the district [~~Authority~~] shall be and
11 are hereby declared to be legal and authorized investments for
12 banks, savings banks, trust companies, building and loan
13 association, savings and loan association, insurance companies,
14 fiduciaries, trustees, guardians, and for the sinking fund of
15 cities, towns, villages, counties, school districts, or other
16 political corporations or subdivisions of the State of Texas. Such
17 bonds shall be eligible to secure the deposit of any and all public
18 funds of the State of Texas, and any and all public funds of cities,
19 towns, villages, counties, school districts, or other political
20 corporations or subdivision of the State of Texas; and such bonds
21 shall be lawful and sufficient security for said deposits to the
22 extent of their value, when accompanied by all unmatured coupons
23 appurtenant thereto.

24 Sec. 26. The accomplishment of the purposes stated in this
25 Act is for the benefit of the people of this state and for the
26 improvement of their properties and industries, and the district
27 [~~Authority~~], in carrying out the purposes of this Act will be

1 performing an essential public function under the Constitution.
2 The district [~~Authority~~] shall not be required to pay any tax or
3 assessment on the project or any part thereof, and the bonds issued
4 hereunder and their transfer and the income therefrom, including
5 the profits made on the sale thereof, shall at all times be free
6 from taxation within this state.

7 Sec. 27. The district [~~Authority~~] may upon a favorable
8 majority vote of the qualified property taxpaying electors of the
9 district [~~Authority~~], voting at an election held within the
10 boundaries of the district [~~Authority~~] for that purpose, levy,
11 assess and collect annual taxes to provide funds necessary to
12 construct or acquire, maintain and operate dams, works, plants and
13 facilities deemed essential or beneficial to the district
14 [~~Authority~~] and its purposes, and also when so authorized may levy,
15 assess and collect annual taxes as provided by the Tax Code to
16 provide funds adequate to defray the cost of the maintenance,
17 operation and administration of the district [~~Authority~~];
18 provided, however, that the district [~~Authority~~] shall not have the
19 power to levy or collect a tax for the maintenance, operation, and
20 administration of the district [~~Authority~~] which exceeds fifty
21 cents (50¢) on the One Hundred Dollars (\$100) assessed valuation on
22 the property subject to taxation. Elections for the levy of such
23 taxes shall be ordered by the board [~~Board of Directors~~] and shall
24 be held and conducted in the manner provided by this law relating to
25 elections for the authorization of bonds. The board [~~Board of~~
26 ~~Directors~~] shall designate such polling places as they deem fitting
27 and proper. [~~All taxes levied by the Authority for any purpose~~]

1 ~~shall constitute a lien on the property against which levied and~~
2 ~~shall not bar the enforcement or collection thereof.]~~

3 SECTION 8. Sections 28(a), (b), (d), (e), (f), and (h),
4 Chapter 438, Acts of the 63rd Legislature, Regular Session, 1973,
5 are amended to read as follows:

6 (a) The tax rolls of the counties situated within the
7 district [~~Authority~~], are hereby adopted and shall constitute the
8 tax rolls of the district [~~Authority~~] until assessment and tax
9 rolls shall be made by the district [~~Authority~~].

10 (b) If the district [~~Authority~~] issues and delivers bonds
11 which are payable wholly or partially from ad valorem taxes, or
12 votes the taxes as provided in Section 27 [~~of the Authority's Act~~],
13 the board annually shall cause the taxable property in the district
14 [~~Authority~~] to be rendered and assessed for ad valorem taxation,
15 and the value of such taxable property to be equalized, and the ad
16 valorem taxes in the district [~~Authority~~] to be collected, in
17 accordance with any of the methods set forth in this section, and
18 any method adopted shall remain in effect until changed by the
19 board.

20 (d) The laws of this State applicable to counties may be
21 adopted and shall be used to the extent pertinent and practicable,
22 provided that the board shall have the authority to act as its own
23 board of equalization or to appoint three resident, qualified
24 electors of the district [~~Authority~~] who own taxable property
25 therein to act as the board of equalization of the district
26 [~~Authority~~], and in either case the board of equalization shall
27 qualify and perform the duties prescribed by law for county

1 commissioners courts acting as boards of equalization.

2 (e) The board shall be authorized to have the taxable
3 property in the district [~~Authority~~] assessed, its values
4 equalized, and/or its taxes collected, in whole or in part, by the
5 tax assessors, board of equalization, and/or tax collectors,
6 respectively, of any county, city, taxing district, or other
7 governmental subdivision in which all or any part of the district
8 [~~Authority~~] is located; and such property may be assessed and the
9 values thereof equalized on the same basis or a different basis than
10 that used by any such governmental subdivision. Such property
11 shall be assessed, the values thereof equalized, and such taxes
12 collected in the manner and for such compensation as shall be agreed
13 on between the appropriate parties, and the functions thus assumed
14 by the officials of any such governmental subdivision shall be
15 additional duties pertaining to their offices, respectively. The
16 ad valorem tax law applicable to each such governmental subdivision
17 shall apply to its officials in carrying out such functions for the
18 district [~~Authority~~].

19 (f) It is specifically provided, however, that under any
20 method used all taxable property within the district [~~Authority~~]
21 shall be assessed on the same basis, and the values thereof shall be
22 equalized by only one board of equalization, in an equal and uniform
23 manner, as required by the Texas Constitution. If the board desires
24 that taxable property shall be assessed and taxes collected by the
25 tax assessors and/or collectors of more than one governmental
26 subdivision, the board shall either act as its own board of
27 equalization or appoint three resident, qualified electors of the

1 district [Authority] who own taxable property therein to act as the
2 board of equalization, and in either case the board of equalization
3 shall qualify and perform the duties prescribed by law for county
4 commissioners courts acting as boards of equalization.

5 (h) If the district [Authority] issues and delivers bonds
6 payable wholly or partially from ad valorem taxes, the board
7 [Board] shall levy and cause to be assessed and collected ad valorem
8 taxes sufficient to pay the interest on and principal of said bonds,
9 without limit as to the rate or the amount[, ~~after giving~~
10 ~~consideration to any revenues that may be pledged to the payment of~~
11 ~~bonds~~].

12 SECTION 9. Chapter 438, Acts of the 63rd Legislature,
13 Regular Session, 1973, is amended by amending Section 29 and adding
14 Sections 1B, 13A, 19A, 19B, 19C, 19D, 19E, 19F, and 19G to read as
15 follows:

16 Sec. 29. (a) The board [Board of Directors] shall designate
17 one (1) or more banks within the district [Authority] to serve as
18 depository for the funds of the district [Authority]. All funds of
19 the district [Authority] shall be deposited in such depository bank
20 or banks except that funds pledged to pay bonds may be deposited
21 with the trustee bank named in the trust agreement, and except that
22 funds shall be remitted to the bank of payment for the payment of
23 principal of and interest on bonds. To the extent that funds in the
24 depository banks and the trustee bank are not insured by the
25 F.D.I.C. they shall be secured in the manner provided by law for the
26 security of county funds.

27 (b) Before designating a depository bank or banks, the board

S.B. No. 309

1 ~~[Board of Directors]~~ shall issue a notice stating the time and place
2 when and where the board ~~[Board]~~ will meet for such purpose and
3 inviting the banks in the district ~~[Authority]~~ to submit
4 applications to be designated depositories. The term of service
5 for depositories shall be prescribed by the board ~~[Board]~~. Such
6 notice shall be published one (1) time in a newspaper or newspapers
7 published in the district ~~[Authority]~~ and specified by the board
8 ~~[Board]~~.

9 (c) At the time mentioned in the notice, the board ~~[Board]~~
10 shall consider the applications and the management and condition of
11 the banks filing them, and shall designate as depositories the bank
12 or banks which offer the most favorable terms and conditions for the
13 handling of the funds of the district ~~[Authority]~~ and which the
14 board ~~[Board]~~ finds have proper management and are in condition to
15 warrant handling of district ~~[Authority]~~ funds. Membership on the
16 board ~~[Board of Directors]~~ of an officer or director of a bank shall
17 not disqualify such bank from being designated as depository.

18 (d) If no applications are received by the time stated in
19 the notice, the board ~~[Board]~~ shall designate some bank or banks
20 within or without the district ~~[Authority]~~ upon such terms and
21 conditions as it may find advantageous to the district ~~[Authority]~~.

22 Sec. 1B. In this Act:

23 (1) "Board" means the district's board of directors.

24 (2) "Commission" means the Texas Commission on
25 Environmental Quality.

26 (3) "Director" means a member of the board.

27 (4) "District" means the Palo Duro Water District.

1 Sec. 13A. (a) A county or municipality may withdraw from
2 the district or the district may dissolve according to this
3 section.

4 (b) In order to withdraw from the district or to dissolve
5 the district, the governing body of a county or municipality that is
6 a member of the district must issue an order or pass a resolution
7 declaring the intent to withdraw from or dissolve the district. The
8 order or resolution must state:

9 (1) the intention to either withdraw from the district
10 or call for the dissolution of the district; and

11 (2) the reasons supporting the withdrawal or
12 dissolution.

13 (c) Not later than the 30th day after the date the district
14 receives an order or resolution under Subsection (b), the district
15 shall hold a public hearing on the matter described by the order or
16 resolution.

17 (d) In the event of a proposed withdrawal or dissolution
18 under this section, the member counties and municipality must reach
19 a financial agreement that:

20 (1) for a withdrawal of a county or municipality from
21 the district, provides for sufficient revenue for maintaining the
22 Palo Duro Reservoir and the dam that impounds the water in the
23 reservoir; or

24 (2) for a dissolution of the district, provides for
25 the transfer of:

26 (A) the ownership rights of the dam to an entity
27 that assumes responsibility for the maintenance of the dam and

- 1 liability for actions related to the dam;
2 (B) all assets and liabilities of the district to
3 other entities; and
4 (C) the responsibility for the continued
5 provision of services, if the district provides services.
6 (e) The board must provide an opportunity for the public to
7 comment on the financial agreement described by Subsection (d)
8 before the board votes as described by Subsection (f). The period
9 for public comment must last not less than 10 days.
10 (f) After consideration of the public comments submitted
11 under Subsection (e), the board shall vote on the issue described by
12 the order or resolution under Subsection (b). The board may proceed
13 with the withdrawal or dissolution only if two-thirds of all of the
14 members of the board vote in favor of withdrawal or dissolution.
15 (g) If the board votes in favor of withdrawal or dissolution
16 as provided by Subsection (f), the governing body of each county and
17 municipality that is a member of the district shall vote on the
18 matter of withdrawal or dissolution.
19 (h) A withdrawal or dissolution authorized under this
20 section does not take effect until:
21 (1) the governing body of each county and municipality
22 has voted in favor of withdrawal or dissolution;
23 (2) all conditions specified in the financial
24 agreement described by Subsection (d) have been met; and
25 (3) all actions described in the financial agreement
26 described by Subsection (d) have been completed.
27 Sec. 19A. The board shall develop and implement policies

1 that provide the public with a reasonable opportunity to appear
2 before the board and to speak on any agenda item at board meetings.

3 Sec. 19B. A director who has a financial interest in a
4 contract under consideration by the district for the purchase,
5 sale, lease, rental, or supply of property, including supplies,
6 materials, and equipment, or the construction of facilities, shall
7 disclose that fact to the other members of the board and may not
8 vote on or participate in discussions during board meetings on the
9 acceptance of the contract. A financial interest of a director does
10 not affect the validity of a contract if disclosure is made and the
11 director with the financial interest does not vote on the question
12 of entering into the contract.

13 Sec. 19C. Not earlier than the 10th day after the date a
14 director receives written notice of a charge against the director,
15 and after an opportunity to be heard in person or through the
16 appearance of counsel at a public hearing on the matter of the
17 charge described by the notice, the board may remove a director for:

- 18 (1) inefficiency;
19 (2) neglect of duty; or
20 (3) misconduct in office.

21 Sec. 19D. (a) A person who is appointed to and qualifies
22 for office as a director may not vote, deliberate, or be counted as
23 a director in attendance at a meeting of the board until the person
24 completes a training program that complies with this section.

25 (b) The training program must provide the person with
26 information regarding:

- 27 (1) the law governing district operations;

- 1 (2) the programs, functions, rules, and budget of the
2 district;
- 3 (3) the scope of and limitations on the rulemaking
4 authority of the district;
- 5 (4) the results of the most recent formal audit of the
6 district;
- 7 (5) the requirements of:
- 8 (A) laws relating to open meetings, public
9 information, administrative procedure, and disclosing conflicts of
10 interest; and
- 11 (B) other laws applicable to members of the
12 governing body of a water district in performing their duties; and
- 13 (6) any applicable ethics policies adopted by the
14 board or the Texas Ethics Commission.
- 15 (c) A person appointed to the board is entitled to
16 reimbursement for the travel expenses incurred in attending the
17 training program regardless of whether the attendance at the
18 program occurs before or after the person qualifies for office.
- 19 (d) The board shall create a training manual that includes
20 the information required by Subsection (b). The board shall
21 distribute a copy of the training manual annually to each director.
22 On receipt of the training manual, each director shall sign a
23 statement acknowledging receipt of the training manual.
- 24 Sec. 19E. The board shall develop and implement policies
25 that clearly separate the policymaking responsibilities of the
26 board and the management responsibilities of the general manager
27 and staff of the district.

1 Sec. 19F. (a) The district shall maintain a system to
2 promptly and efficiently act on complaints filed with the district.
3 The district shall maintain information about parties to the
4 complaint, the subject matter of the complaint, a summary of the
5 results of the review or investigation of the complaint, and its
6 disposition.

7 (b) The district shall make information available
8 describing its procedures for complaint investigation and
9 resolution.

10 (c) The district shall periodically notify the complaint
11 parties of the status of the complaint until final disposition.

12 Sec. 19G. (a) The district shall develop a policy to
13 encourage the use of:

14 (1) negotiated rulemaking procedures under Chapter
15 2008, Government Code, for the adoption of district rules; and

16 (2) appropriate alternative dispute resolution
17 procedures under Chapter 2009, Government Code, to assist in the
18 resolution of internal and external disputes under the district's
19 jurisdiction.

20 (b) The district's procedures relating to alternative
21 dispute resolution must conform, to the extent possible, to any
22 model guidelines issued by the State Office of Administrative
23 Hearings for the use of alternative dispute resolution by state
24 agencies.

25 (c) The district shall:

26 (1) coordinate the implementation of the policy
27 adopted under Subsection (a);

1 (2) provide training as needed to implement the
2 procedures for negotiated rulemaking or alternative dispute
3 resolution; and

4 (3) collect data concerning the effectiveness of those
5 procedures.

6 SECTION 10. Section 325.025(b), Government Code, is amended
7 to read as follows:

8 (b) This section applies to the:

- 9 (1) Angelina and Neches River Authority;
10 (2) Bandera County River Authority and Groundwater
11 District;
12 (3) Brazos River Authority;
13 (4) Central Colorado River Authority;
14 (5) Guadalupe-Blanco River Authority;
15 (6) Lavaca-Navidad River Authority;
16 (7) Lower Colorado River Authority;
17 (8) Lower Neches Valley Authority;
18 (9) Nueces River Authority;
19 (10) ~~[Palo Duro River Authority of Texas,~~
20 ~~[(11)]~~ Red River Authority of Texas;
21 (11) ~~[(12)]~~ Sabine River Authority of Texas;
22 (12) ~~[(13)]~~ San Antonio River Authority;
23 (13) ~~[(14)]~~ San Jacinto River Authority;
24 (14) ~~[(15)]~~ Sulphur River Basin Authority;
25 (15) ~~[(16)]~~ Trinity River Authority of Texas;
26 (16) ~~[(17)]~~ Upper Colorado River Authority; and
27 (17) ~~[(18)]~~ Upper Guadalupe River Authority.

S.B. No. 309

1 SECTION 11. (a) The following sections of Chapter 438, Acts
2 of the 63rd Legislature, Regular Session, 1973, are repealed:

- 3 (1) Section 1A;
4 (2) Section 2A;
5 (3) Section 2B;
6 (4) Section 4;
7 (5) Section 13(e);
8 (6) Section 28(i); and
9 (7) Section 30.

10 (b) The following sections are repealed:

- 11 (1) Section 9, Chapter 115, Acts of the 64th
12 Legislature, Regular Session, 1975;
13 (2) Section 6, Chapter 17, Acts of the 68th
14 Legislature, Regular Session, 1983; and
15 (3) Section 4, Chapter 651, Acts of the 70th
16 Legislature, Regular Session, 1987.

17 SECTION 12. (a) Notwithstanding Section 19D(a), Chapter
18 438, Acts of the 63rd Legislature, Regular Session, 1973, as added
19 by this Act, a person serving on the board of directors of the Palo
20 Duro Water District, as renamed by this Act, may vote, deliberate,
21 and be counted as a director in attendance at a meeting of the board
22 until December 1, 2017.

23 (b) This section expires January 1, 2018.

24 SECTION 13. (a) The legal notice of the intention to
25 introduce this Act, setting forth the general substance of this
26 Act, has been published as provided by law, and the notice and a
27 copy of this Act have been furnished to all persons, agencies,

S.B. No. 309

1 officials, or entities to which they are required to be furnished
2 under Section 59, Article XVI, Texas Constitution, and Chapter 313,
3 Government Code.

4 (b) The governor, one of the required recipients, has
5 submitted the notice and Act to the Texas Commission on
6 Environmental Quality.

7 (c) The Texas Commission on Environmental Quality has filed
8 its recommendations relating to this Act with the governor, the
9 lieutenant governor, and the speaker of the house of
10 representatives within the required time.

11 (d) All requirements of the constitution and laws of this
12 state and the rules and procedures of the legislature with respect
13 to the notice, introduction, and passage of this Act are fulfilled
14 and accomplished.

15 SECTION 14. This Act takes effect September 1, 2017.

204

JAN 10 2017

**AMARILLO GLOBE NEWS
PUBLISHER'S AFFIDAVIT FORM**

State of Texas

County of Potter

Before me, a notary public in and for State of Texas personally

appeared Diane Maynard Legal Clerk of the Amarillo Globe News
Name Job Title Newspaper

and who after being by me duly sworn did depose and state that the attached printed copy of the

Notice of Intent is a true copy of the original and was printed on the following
Notice, Article, Advertisement

dates: December 15, 2016 and further states that the Amarillo Globe-News, is a

newspaper having general circulation in the counties of: Armstrong, Briscoe, Carson, Castro,

Childress, Collingsworth, Curry, Dallam, Deaf Smith, Donley, Gray, Hale, Hansford, Hartley,

Hemphill, Hutchison, Lipscomb, Moore, Ochiltree, Oldham, Parmer, Potter, Quay, Randall,

Roberts, Sherman, Swisher, Wheeler

"This is to give notice of intent to introduce in the 85th Legislature, Regular Session, a bill relating to the Sunset Commission's recommendations for the Palo Duro River Authority."

Diane Maynard
Signature

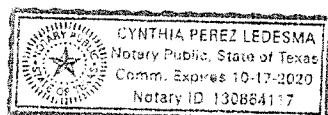
Legal Clerk

Title

Amarillo Globe News

Newspaper

Sworn and subscribed to before me this 5th day of January, 2017.



Cynthia Ledesma
Notary Public State of 10-17-2020

My commission expires Texas